



JOHN MORRELL & CO

MVP Program Participation Agreement

On behalf of the producer identified below (the "Participant"), I have carefully reviewed and hereby accept the terms and conditions of the John Morrell & Co. Minimum Value Protection (MVP) Program. I understand that as a participant in the MVP Program, the Participant is required to sell 100% of his production of market hogs to Morrell.

Date:

[Redacted]
Producer's Authorized Signature

Full name of Producer: [Redacted]

Trading or doing business as: [Redacted]

Mailing address: [Redacted]

Telephone: [Redacted] Fax: [Redacted]

Program Effective Date: 1-1-98

Participant's Estimated Annual Production:

1998 - 4,500	1999 - 6,000	2,000	6,000
--------------	--------------	-------	-------

Primary Delivery Facility: Sioux Falls

Acceptance by John Morrell & Co.

By:

[Signature]

Title:

Herd Hog Buyer

P.O. BOX 2351 STOCK YARD STATION, SIOUX CITY, IOWA 51107 - 712/279-7360



JOHN MORRELL & CO

MVP PROGRAM

(Minimum Value Protection)

Overview

John Morrell & Co. has designed its Minimum Value Protection (MVP) Program with the small to medium-sized pork producer specifically in mind. Our smaller producers have told us that they would like to participate in a program that reduces their risk from periodic declines in live hog market prices. By guaranteeing a minimum value (or floor price) for a producer's hogs over a three-year period, the MVP Program offers just this benefit, while preserving the opportunity for the producer to realize the full market value of his hog production over the life of the program.

Who May Participate

Producers who produce at least 1,500 head of market hogs per year, are in the Pork Quality Assurance Program (at or actively working to obtain Level III) and meet Morrell's other quality assurance standards and requirements may participate in the MVP Program. Morrell reserves the unconditional right to offer or deny the privilege to participate in the MVP Program to any producer.

How the MVP Program Works

A participating producer agrees to sell 100% of his production of market hogs to Morrell for the three-year period that the MVP Program is in effect. During this period, the contract price for the producer's hogs will be not less than an established floor price of \$40.00/cwt. Morrell will maintain a separate ledger account reflecting Morrell's purchases of market hogs from the producer. At the beginning of the three-year period, the producer's ledger account will have a balance of zero but at any time during the three-year period, the account may have a positive or a negative balance.

Whenever the market price of live hogs is less than or equal to the floor price, Morrell will pay the producer based on the \$40.00/cwt. floor price, and will reduce the balance of the producer's ledger account by the difference, if any, between the market price and the floor price per hundred weight of delivered

P.O. BOX 2351 STOCK YARD STATION, SIOUX CITY, IOWA 51107 • 712/279-7300

hogs. Conversely, whenever the market price of live hogs is greater than the floor price, Morrell will first apply one-half of the difference between the market price and the floor price per hundred weight of delivered hogs to reduce or eliminate a negative balance, if any, in the producer's ledger account. If the ledger account does not have a negative balance (or as soon as the negative balance has been reduced to zero), Morrell will pay the balance of the market price to the producer, except that, whenever the balance of the market price payable to the producer (after reducing any negative balance in the producer's ledger account to zero) exceeds \$50.00/cwt., Morrell will first apply the lesser of \$1.00/cwt. or the amount by which the market price exceeds \$50.00/cwt. to build up a reserve (i.e., a positive balance) in the producer's ledger account. The positive balance in the producer's ledger account will never be allowed to exceed an amount equal to \$3.00 times the number of market hogs the producer has projected to produce over the three-year period.

At the end of the three-year period, unless Morrell and the producer mutually agree to extend the term, the MVP Program will expire. At that time, if the producer's ledger account shows a positive balance, then Morrell will pay this amount to the producer in cash, without interest, within 30 days; or, if the producer's ledger account shows a negative balance, then the producer will pay this amount to Morrell in cash, without interest, within 30 days.

Market Price Defined

For purposes of the MVP Program, market price refers to the mid-morning (11:00 a.m.) Iowa Minnesota plant practical top average (up to \$1.00 spread on bulk, as quoted on the D.T.N.) on a three-day average prior to the kill date.

Example (for hogs killed on Friday):

Tuesday quote	\$47.50 - 49.00	F. 47.00 (pract. top Ave. 48.00)
Wednesday quote	\$46.50 - 47.50	F. 48.00 (pract. top Ave. 47.00)
Thursday quote	\$47.00 - 48.00	F. 46.50 (pract. top Ave. 47.50)

Market price (based on three-day average) is: \$47.50

All prices referenced herein are for plant-delivered market hogs at Morrell's facilities at either Sioux Falls, South Dakota, or Sioux City, Iowa. Destinations and delivery dates must be approved by Morrell prior to each delivery. Morrell reserves the right to direct the delivery of hogs to facilities other than the one facility referenced to on Participation Agreement as "primary delivery facility" at any time. In which event Morrell will adjust the price payable hereunder to fully compensate the producer for any difference in freight charges incurred.

Prices under the MVP Program will be determined in conjunction with the carcass merit program of Morrell in effect at the time of delivery. Morrell reserves the right to modify its carcass merit program at any time during the three-year term to respond to changes in industry standards, product marketability, and advances in evaluation procedures.

The Producer's Obligations

Producers who participate in the MVP Program agree to permit a licensed veterinarian approved by Morrell to inspect and supervise their hog production operations, to use and administer all applicable drugs properly and to adhere to the prescribed withdrawal procedures thereto.

Termination

Morrell reserves the right to terminate a producer's right to participate in the MVP Program before the end of the three-year period if the producer defaults in his obligation to deliver 100% of his marketable production of market hogs or if he otherwise fails to perform any material obligation hereunder. Morrell may also discontinue the MVP Program at any time if Morrell should permanently withdraw from the business of slaughtering hogs. Upon any such termination, if the producer's ledger account shows a positive balance, then Morrell will pay this amount to the producer in cash, without interest, within 30 days; or, if the producer's ledger account shows a negative balance, then the producer will pay this amount to Morrell in cash, without interest, within 30 days. Termination will not limit Morrell's right to recover from the producer for any loss, damage or liability Morrell may incur as the result of the producer's default.

Force Majeure

Neither party shall be liable for failure to perform or delay in performing any act hereunder if such performance is rendered impossible by reasons of matters beyond the reasonable control of the party, including but not limited to acts of God, strikes, lockouts, picketing, wars, blockades, riots, disease, epidemics, fire, storms, floods, or explosion. These actions shall include but not be limited to:

- (i) A failure to settle or prevent any strike or controversy with employees or with anyone purporting or seeking to represent employees shall be considered a matter beyond the reasonable control of the party affected under this subsection, provided such strike affect said party's performance of the requirements of this Agreement; and

(ii) Any inability of Producer to supply hogs due to an outbreak of disease, or failure to receive sufficient weaning pigs, or governmental action limiting or stopping production.

Once production becomes commercially possible, the responsibilities and obligations of the parties shall resume again with full force and effect. Where either party claims an excuse for non-performance under this Section, it shall give prompt telephonic notice promptly confirmed by written notice of the occurrence and estimated duration of the Force Majeure event to the other party; and it shall give prompt written notice when the Force Majeure event has been remedied and performance can re-commence hereunder.

Miscellaneous

An eligible producer desiring to participate in the MVP Program must complete, sign and submit to Morrell for approval the attached MVP Program Participation Agreement. The producer is not entitled to participate in the MVP Program until his Participation Agreement has been reviewed and approved by an authorized officer of Morrell. This document, together with the Participation Agreement, constitutes the entire agreement between Morrell and the producer with respect to the MVP Program and may not be modified or amended in any respect by oral statements or course of dealing. Morrell reserves the right to assign its interest in the MVP Program to any purchaser of any substantial part of Morrell's assets or business. The MVP Program is governed in all respects by the laws of the State of South Dakota.